

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**CORRECTED  
FISCAL NOTE**

**HB 877 - SB 1349**

March 18, 2013

**SUMMARY OF BILL:** Requires that a minimum of \$1.00 of each tire pre-disposal fee be returned to the county where the fee was collected to be used for waste tire disposal.

**ESTIMATED FISCAL IMPACT:**

On March 14, 2013, a fiscal note was issued estimating a fiscal impact as follows:

*Decrease State Revenue – \$320,200/FY12-13/Waste Management Fund  
\$1,921,000/FY13-14 and Subsequent Years/  
Waste Management Fund*

*Increase Local Revenue – \$320,200/FY12-13  
\$1,921,000/FY13-14 and Subsequent Years*

Due to an erroneous assumption, this impact was in error. Based on additional information received from the Department of Environment and Conservation, the estimated fiscal impact is:

**(CORRECTED)**

**Decrease State Revenue – \$224,600/FY12-13/Waste Management Fund  
\$1,347,600/FY13-14 and Subsequent Years/  
Waste Management Fund**

**Increase Local Revenue – \$224,600/FY12-13  
\$1,347,600/FY13-14 and Subsequent Years**

**Assumptions:**

- Pursuant to Tenn. Code Ann. § 67-4-1603(a), a fee of \$1.35 is imposed on each new tire sold in Tennessee. Pursuant to Tenn. Code Ann. § 67-4-1610, each dealer is authorized to deduct \$0.10 of the fee per tire reported on timely filed returns and payments. It is assumed that all returns are timely filed and each dealer receives the authorized deduction.

**HB 877 - SB 1349 (CORRECTED)**

- According to the Department of Revenue, fee revenue to the state for tire disposal was \$5,901,222 in FY11-12. This number is assumed to remain constant into perpetuity.
- The state fee is assessed upon approximately 4,720,978 tires [ $\$5,901,222 / (\$1.35 - \$0.10)$ ]. This number is assumed to remain constant into perpetuity.
- The total recurring amount that will be required to be returned to the county where the fee was collected is estimated to be \$4,720,978 ( $4,720,978 \times \$1.00$ ).
- According to the Department of Environment and Conservation, the Department awarded \$4,382,079 to counties in grants in FY11-12, of which \$3,373,428 was claimed. These numbers are assumed to remain constant into perpetuity.
- Assuming that 100 percent of the required amount shall be rewarded and claimed by the counties, the recurring increase in local revenue as a result of this bill is estimated to be \$1,347,550 ( $\$4,720,978$  required to be returned -  $\$3,373,428$  currently returned).
- The recurring decrease in state revenue to the Waste Management Fund is estimated to be \$1,347,550.
- The first-year impact (FY12-13) is estimated to be one-sixth of the recurring impact, or \$224,592, as a result of this bill being effective upon becoming law.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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